

ATTACHMENT TO THE NOTICE OF PREPARATION
FOR THE
AERA MASTER PLANNED COMMUNITY

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STATE OF CALIFORNIA

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1. INTRODUCTION

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Aera Energy is proposing the development of a Master Planned Community and, in accordance with the California Environmental Quality Act (CEQA), a Program Environmental Impact Report (EIR) will be prepared. This EIR will address the environmental effects associated with development of the Aera Master Planned Community including, without limitation, a General Plan Amendment, Rezoning, Specific Plan, and reorganization of territorial jurisdictions in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The EIR will address the scope of a series of actions and approvals, which may be considered as one large project and are related either geographically or as logical parts in the chain of contemplated actions. The EIR will be used to evaluate development of the project site in accordance with the proposed General Plan Amendment and Rezoning designations for the site. City of Diamond Bar, County of Los Angeles and County of Orange decision makers will use the EIR as information for their consideration and final determination of whether to approve the proposed project.

On April 21, 2003, the County of Los Angeles issued a Notice of Preparation for the Aera Master Planned Community, stating that the County of Los Angeles and the County of Orange would be co-lead agencies under CEQA. In July 2005, the County of Los Angeles Local Agency Formation Commission (LAFCO) prepared the East San Gabriel Valley Final Municipal Service Review, which recommended that the majority of the Aera property be annexed to the City of Diamond Bar. Subsequently, the City of Diamond Bar determined that it may modify its sphere of influence and ultimately annex much of the project area located within jurisdiction of the County of Los Angeles. Under the CEQA Guidelines and after conferring among representatives from the City of Diamond Bar, the County of Los Angeles, and the County of Orange, the City of Diamond Bar is now designated as the lead agency for the proposed project. The City of Diamond Bar's status is reasonable since it will be the first local agency to consider the project and because the City will consider annexing much of the project area proposed for development. Consequently, this revised Notice of Preparation is being issued by the City of Diamond Bar.

Because the County of Los Angeles and the County of Orange will retain land use jurisdiction over portions of the overall project area, the City of Diamond Bar is committed to working closely with the two counties in the preparation of General Plan Amendments, Specific Plan, other land use documents, and the draft EIR. The City of Diamond Bar will also maintain extensive communication with other responsible agencies, and will provide numerous opportunities for input from the public.

The EIR will also be used to address the environmental effects of subsequent discretionary approvals for the Aera Master Planned Community, such as the Development Agreement between the City of Diamond Bar, the County of Los Angeles, the County of Orange, and the applicant, Aera Energy LLC. The EIR will also be used for County approvals that will be required to implement the project for areas that will remain outside jurisdiction of the City of Diamond Bar, such as a General Plan Amendment, Rezoning, Specific Plan, and subdivision maps (tentative and parcel maps) for areas located within Los Angeles County and Orange County. The EIR will also be used by other Responsible Agencies for permits and approvals required for project implementation and development, such as the Los Angeles County LAFCO and Orange County LAFCO, the California Department of Transportation (Caltrans), and the California Department of Fish and Game (CDFG). The EIR will be prepared to conform with CEQA, the State CEQA Guidelines, and the City of Diamond Bar CEQA procedures.

CEQA provides important opportunities for public involvement and participation in the preparation and review stages of completing an EIR for the proposed Aera Master Planned Community. These opportunities include a public scoping meeting, public review of the Draft EIR, and consideration of and response to public

comments on the Draft EIR prior to action by City of Diamond Bar, County of Los Angeles, and County of Orange decision makers.

2. PROJECT LOCATION

The proposed project site is located on the border of Los Angeles and Orange counties, just west of San Bernardino County in southern California, as shown in Exhibits 1 and 2. The majority of the 2,935-acre project site is located within an unincorporated area of Los Angeles County (approximately 2,614 acres) and the remaining portion is located within unincorporated Orange County (approximately 321 acres). The project site is generally bounded by the City of Diamond Bar to the northeast, the unincorporated residential community of Rowland Heights to the north, Harbor Boulevard/Fullerton Road and the City of La Habra Heights to the west, the City of Brea to the south, and State Route 57 (SR-57) to the east. Approximately 323 acres of the project site is located east of SR-57 within unincorporated Los Angeles County, south of the City of Diamond Bar. Surrounding land uses consist primarily of residential communities to the north, west, and south; undeveloped vacant land to the northwest and east; and oil production lands to the southeast.

3. PROJECT DESCRIPTION

As proposed, the project consists of a General Plan Amendment, Rezoning, and Specific Plan to allow for the phased development of a maximum of 3,600 dwelling units, a golf course and related uses, park uses, commercial uses, internal greenbelts, and open space preservation areas on a 2,935-acre site, as shown in Exhibit 3. The housing, commercial, and mixed uses will be clustered on approximately one-half of the project site. The project site currently consists of an active oil field and cattle grazing uses. These uses will be phased out, the wells abandoned and facilities removed, and oil-impacted soils will be remediated.

MAJOR PROJECT COMPONENTS

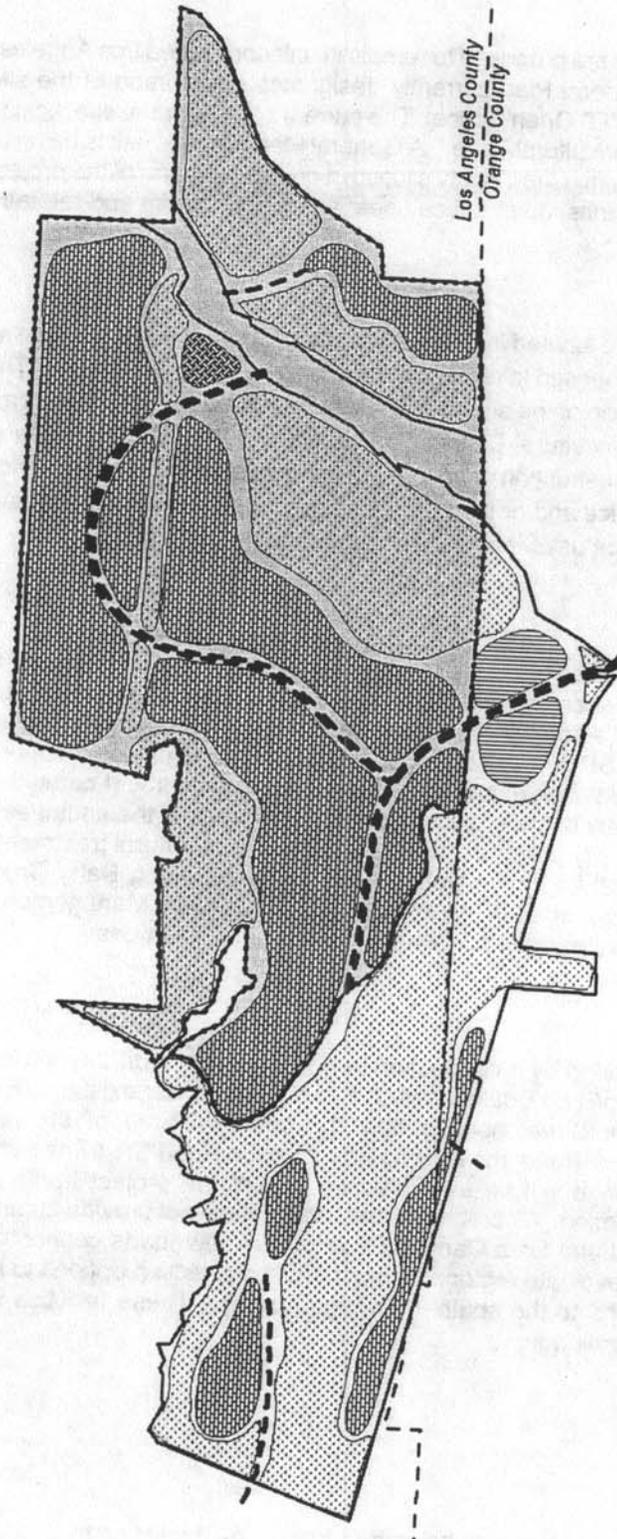
1. Land Use and jurisdictions

a. City of Diamond Bar:

Approximately 1,940 acres of the 2,935-acre project site are proposed to be detached from the County of Los Angeles and annexed to the City of Diamond Bar, as shown in Exhibit 3. Approximately 323 acres of the site are currently within Diamond Bar's Sphere of Influence (SOI), so additional acreage within the project site, and acreage used by SR-57, will be the subject of a General Plan amendment, SOI change, and rezoning action preceding the reorganization. The County of Los Angeles Countywide General Plan currently designates this area site as "R" Non-Urban, "1" Low Density Residential, "O" Open Space, and "SEA" Significant Ecological Areas. The General Plan Amendment is being proposed to redesignate the site as "SP" Specific Plan within Diamond Bar's jurisdiction.

The portion of the project to be located in Diamond Bar will include the construction of up to 2,800¹ residential units, 200,000 square feet of commercial space, public parks and recreation uses potentially including a sports park and lands required for recreational use, and public open spaces and related public facilities.

¹ Note: Up to 20% of the proposed residential units may be shifted from one jurisdiction to another to address the potential workforce housing goals of each jurisdiction; however, the total number of residential units built on the project site will not exceed 3,600 dwelling units.



Los Angeles County
Orange County

Legend

- Proposed Land Uses
-  Residential
 -  Open Space
 -  Mixed Use
 -  Commercial
-  Project entry road
-  Area proposed for annexation to Diamond Bar

NO SCALE



Exhibit 3 Land Use Concept Plan

b. County of Los Angeles:

Approximately 675 acres within the project site are proposed to remain in unincorporated Los Angeles County. The County of Los Angeles Countywide General Plan currently designates this portion of the site as "R" Non-Urban, "1" Low Density Residential, and "O" Open Space. The current zoning for the site includes A-1-5 "Light Agricultural Zone" and A-2-1 "Heavy Agricultural Zone." A General Plan Amendment is being proposed to redesignate the site as "SP" Specific Plan within the County's jurisdiction. This portion of the project site will include construction of up to 275 residential units, open space uses, and a golf course and related uses.

c. Orange County:

Approximately 321 acres of the project site are located in Orange County. Although this acreage is within the City of Brea's SOI, this portion of the site is proposed to remain under Orange County jurisdiction. The County of Orange General Plan designates this portion of the site as "1B" Suburban Residential. This portion of the site is currently zoned A-1 "O" "General Agricultural District/Oil Production District." This area would be rezoned in a manner that would permit the construction of up to 800² residential units, some of which may be built together with 100,000 square feet of office and/or commercial uses in a mixed-use development. This portion of the site will also include open space uses, and a golf course and related uses.

2. Open space and water quality

More than half of the project site is proposed to be set aside as open space, which will include wildlife habitat, parks, trails, greenbelts, golf courses, and scenic preservation areas. Wildlife habitat will be preserved, enhanced, and restored along the southern slopes of the project facing toward Orange County and with in habitat conservation areas on both sides of SR-57. In addition, the proposed land use concept provides for habitat restoration and the permanent preservation/enhancement of a wildlife movement corridor extending from a riparian area at the northwest boundary of the project site to Tonner Creek at the southeast corner of the project site. A comprehensive water quality program, maximizing the use of natural treatment systems, including a new riparian corridor and natural treatment water quality wetlands along Berry Creek, will be provided in accordance with applicable requirements. A conceptual Stormwater Management Plan will address stormwater, debris flow, and new regulations concerning water quality functions.

3. Circulation and access

Access to the proposed project will be provided by a connection to Harbor Boulevard/Fullerton Road to the west, two connections to Brea Canyon Road/Brea Boulevard to the east located near existing SR-57 ramps, and a collector level connection to Berry Street serving only the southern area of the project site. Improvement options for existing Brea Canyon Road, the existing Brea Canyon Road/SR-57 Interchange, and the Tonner Canyon Road/SR-57 Interchange will be evaluated as part of the project traffic study, and necessary mitigation measures will be proposed. As proposed, the project does not provide for an east-west connector road between Harbor Boulevard and Brea Canyon Road or any new roads connecting north to Pathfinder Road. Analysis will be done to evaluate regional infrastructure connection options to the north in Diamond Bar and Los Angeles County, and to the south in Orange County. These facilities will include electricity, natural gas, sewer, water, and drainage.

² Note: Up to 20% of the proposed residential units may be shifted from one jurisdiction to another to address the potential workforce housing goals of each jurisdiction; however, the total number of residential units built on the project site will not exceed 3,600 dwelling units.

4. Grading

The project will include a conceptual master grading plan to allow for the subsequent construction of development pads, golf course, parks, and streets consistent with the Specific Plan. The plan will identify existing and proposed contours and the limits of grading. Approximately 57 million cubic yards of cut and fill work will be required to implement the project. Grading will occur in multiple phases over the 12- to 15-year anticipated build-out of the project. The maximum area expected to be impacted by grading, including remedial grading, is approximately 1,950 acres.

4. PROJECT OBJECTIVES

The following objectives have been established for the proposed project and will aid decision makers when reviewing the project, the project alternatives, and associated environmental impacts:

- Provide for comprehensive planning of the project site through General Plan Amendments, Zone Changes, Specific Plans, and/or other implementation measures as applicable to allow for the development of a wide range of housing units, Multi-Use, and Commercial uses, in conformance with the City of Diamond Bar, Los Angeles County, and Orange County General Plans as amended.
- In conjunction with lead agency and future LAFCO review, address modification of the City of Diamond Bar SOI and reorganization (detachment and annexation) of portions of the proposed project identified for annexation in the above Project Description. Additionally, because the Orange County unincorporated area included in the proposed project is located within the SOI of the City of Brea, the CEQA analysis will consider future jurisdictional reorganizations potentially involving an annexation of that portion of the proposed project to the City of Brea and other applicable special districts.
- Address public services considerations, including potential provision of services involving the Cities of Diamond Bar and Brea, and the Counties of Los Angeles and Orange.
- Provide additional anticipated recreational opportunities for public use, including property for a golf course, parks, trails, sports park, scenic preservation areas, and passive recreation relating to restored or enhanced native habitat preserves/wildlife movement areas.
- Provide for the aesthetic restoration/enhancement of the project site through oil field remediation and reclamation while allowing the flexibility to adapt to changing market conditions and the ultimate phase-out of oil field production. Aesthetic improvements will consist of removing oil field facilities, providing property for a golf course, parks, scenic preservation areas, restored or enhanced native habitat preserves/wildlife movement areas, and a master-planned landscape program as part of project implementation.
- Provide for a wide range of housing opportunities within the community, consistent with the City of Diamond Bar, Los Angeles, and Orange County Housing Elements and to implement local government and regional jobs/housing balance policies. Providing a wide range of housing opportunities would allow the City of Diamond Bar and both counties to help contribute significantly to jobs/housing balance relative to existing employment centers, while at the same time allowing the project applicant flexibility in responding to changing market conditions.
- Establish development agreements with the City of Diamond Bar, Los Angeles County, Orange County and the project applicant to allow for the timely commitment of significant public benefits of the project, including recreation areas and the golf course, circulation improvements, scenic preservation areas, and restored or enhanced native habitat preserves/wildlife movement areas.

- Provide for habitat restoration and the permanent preservation/enhancement of a major wildlife movement corridor extending from a riparian area at the northwest boundary of the project site to the confluence of Brea Creek and Tonner Creek at the southeast corner of the project site, to provide linkage through the project site to dedicated habitat areas to the northwest and southeast of the site.
- Provide for the restoration and enhancement of coastal sage scrub habitat in areas consistently occupied by the Coastal California gnatcatcher and for creating habitat areas that would further gnatcatcher movement within the project site and to adjoining habitat areas.
- Preserve substantial areas of higher-density oak and walnut woodlands, enhance lower-density oak and walnut woodlands, and restore natural long-term regeneration in all preserved woodlands.
- Create oak and walnut woodlands in areas where they have the ability to be self-sustaining and where the created woodlands will provide both live-in habitat and cover for wildlife movement between protected habitat areas on-site and off-site.
- Provide for the protection and improvement of water resources, including riparian habitat, through preparation of a conceptual Stormwater Management Plan and a conceptual Water Quality Management Plan, which will address stormwater, debris flow, and new regulations concerning water quality functions (both pollutants of concern and hydrologic conditions of concern), including a new riparian corridor and stream course enhancements along lower Berry Creek.
- Remove invasive tree species and control other invasive plant species in conjunction with enhancement and restoration associated with riparian and woodlands mitigation programs.
- Provide for permanent protection of significant regional biological, recreational, and scenic resources through implementation of a Comprehensive Resource Restoration Management Plan as part of the required Mitigation Monitoring and Reporting Program, which will address enhancement and restoration plans for impacted native habitats and wildlife movement in furtherance of the above objectives and in fulfillment of project avoidance, minimization, and mitigation requirements.
- Provide an opportunity for road access into and through a parcel owned by the County of Los Angeles.
- Provide a comprehensive collector road system and other transportation improvements to minimize and mitigate transportation impacts on existing communities and to route project-generated traffic primarily toward arterial roads and state highways and away from adjacent local residential roads as much as feasible.

5. ADDITIONAL POTENTIALLY RELATED CITY OF DIAMOND BAR ACTIVITIES UNDER SEPARATE CONSIDERATION

As a separate project, the City of Diamond Bar is also considering whether to pursue redevelopment of the existing Diamond Bar Municipal Golf Course site as a mixed-use project. The City's project would entail relocating the existing golf course, potentially to a site adjacent to the northern boundary of the Aera site, and potentially including a portion of the Aera project site.

The Municipal Golf Course project is currently in the conceptual development stages. The City is in the process of defining the parameters of the project, selecting an environmental consultant for the CEQA review process, and defining the processing steps and timeline for this City-initiated project. To proceed with a replacement golf course on land adjoining the Aera property, the City may require acreage from and access through the Aera property. However, the Municipal Golf Course project is not directly dependent on or a foreseeable consequence of the Aera Master Planned Community project. Additionally, the consideration and

potential approval of the Aera Master Planned Community would not commit the City to any aspect of the Municipal Golf Course project. For this reason, the City has determined that it is appropriate to conduct separate CEQA evaluations for each project. Each CEQA evaluation will provide a full cumulative assessment of the potential effects of all projects under consideration by the City of Diamond Bar and surrounding jurisdictions in full compliance with CEQA and the CEQA Guidelines.

Checklist Discussion

could contribute to these existing violations. The impacts to air quality from project construction and operation will be evaluated in the EIR. (Source: 4, 11, 13, 19)

c. Potentially Significant Impact.

Refer to the discussion of items III.a. and III.b. above. The proposed project would result in a significant impact if it would add a cumulatively considerable contribution of a federal or state nonattainment pollutant. Because the South Coast Air Basin is currently in nonattainment for O₃ and PM₁₀, related projects could exceed an air quality standard or contribute to an existing or projected air quality exceedance. With regard to determining the significance of the proposed project's contribution, the SCAQMD neither recommends quantified analyses of cumulative construction or operational emissions, nor provides methodologies or thresholds of significance to be used to assess cumulative construction or operational impacts. Instead, the SCAQMD recommends that the project's potential contribution to cumulative impacts be assessed utilizing the same significance criteria as those for project-specific impacts. Further evaluation in the EIR is required to determine the project's cumulative impact on air quality. (Source: 4, 11, 13, 19)

d. Potentially Significant Impact.

Project-generated traffic could contribute to decreased levels of service at nearby intersections, resulting in additional vehicular emissions and longer vehicle idling times at and near intersections. These circumstances could lead to carbon monoxide hot spots that may affect sensitive receptors on and adjacent to the project site (e.g., residences, schools). The potential for the project to result in these substantial pollution concentrations will be addressed in the EIR.

e. Less Than Significant Impact.

The project does not propose, and would not facilitate, uses that are significant sources of objectionable odors. Potential sources of odor associated with the proposed project may result from construction equipment exhaust and application of asphalt and architectural coatings during construction activities, and the temporary storage of solid waste associated with residential and commercial (long-term operational) uses. The construction odor emissions would be temporary, short-term, and intermittent in nature. It is expected that any project-generated refuse would be stored in covered containers and removed at regular intervals in compliance with the City's solid waste regulations. Therefore, odors associated with the proposed project construction and operation would be less than significant, and no further analysis is required in the EIR.

IV. BIOLOGICAL RESOURCES

a. Potentially Significant Impact.

The 2,935-acre project site is currently primarily undeveloped, and provides habitat for species such as the Coastal California gnatcatcher, southwestern pond turtle, northern red diamond rattle snake, coastal cactus wren, California horned lark, loggerhead shrike, and yellow-breasted chat. Implementation of the proposed project allowed under the proposed General Plan Update, Zone Change, and Specific Plan could result in potential adverse impacts to candidate, sensitive, or special status plant and wildlife species either directly or indirectly through habitat modifications. Therefore, the EIR will provide an analysis of the potential impacts of the proposed project to special status species. (Source: 16, 17, 18)

b, c. Potentially Significant Impact.

The 2,935-acre project site contains riparian habitat, wetland habitat, and sensitive natural communities, including strands of oak and walnut woodlands. Twelve acres of riparian habitat are present on-site, including 4.2 acres of Southern California Coast Live Oak Riparian Forest, as well as approximately

Checklist Discussion

0.6 acre of wetland. These resources contain habitat that supports sensitive species. The EIR will provide an analysis of the potential impacts of the proposed project on riparian habitat, wetlands, and sensitive natural communities. (Source: 16, 17, 18)

d. Potentially Significant Impact.

The project site falls within the Puente-Chino Hills Wildlife Corridor, supporting functional habitat linkage and wildlife movement. The project area and adjoining lands are partially urbanized and partially open space. One of the objectives of the proposed project is to "provide for habitat restoration and the permanent preservation/enhancement of a major wildlife habitat linkage and movement corridor extending from a riparian area at the northwest boundary of the project site to Tonner Creek at the southeast corner of the project site." Although preservation and rehabilitation of these corridors will be a focus of the proposed project, construction and operation of the project could have an impact on the movement of species through the project site. Therefore, the EIR will analyze the proposed project's impact on wildlife corridors. (Source: 16, 17, 18)

e. Potentially Significant Impact.

As discussed in items IV.a through IV.c. above, the project site contains a number of species and habitats that are protected by local policies and ordinances. The proposed project would result in the removal of existing trees. Chapter 22.38 of the City's Municipal Code, "Tree Preservation and Protection," is in place to enforce practices to protect and preserve trees through requiring permits and tree replacement/relocation standards. The proposed project's consistency with natural resource policies within the City's General Plan and Municipal Code, including the City's Resource Management Element, will be analyzed in the EIR. (Source: 3, 4). Additionally, because portions of the proposed project would be carried out in unincorporated areas expected to remain under the Jurisdiction of the County of Los Angeles and the County of Orange, the proposed project will be reviewed for consistency with the provisions of SB 1334 (2004) adding Section 21083.4 to the Public Resources Code. Finally, the potential impacts and minimization/mitigation measures will be reviewed with respect to the County of Los Angeles SEA designation and guidelines.

f. Potentially Significant Impact.

As discussed in items IV.a through IV.c. above, implementation of the proposed project would have potentially significant impacts on species and habitats on the site, and the proposed project could therefore conflict with the provisions of an existing habitat conservation plan. The proposed project includes implementation of a Comprehensive Resource Restoration Management Plan, which will address a restoration plan for impacted native habitats and wildlife movement. However, further evaluation in the EIR is required to determine the level of significance of this impact, and to identify mitigation measures that reduce impacts to below a level of significance, if possible.

V. CULTURAL RESOURCES

a. Potentially Significant Impact.

The project site is primarily undeveloped land, and it is not likely that historic resources will be found in the project vicinity. However, the EIR will contain a cultural resources analysis to include archival background research at the South Central Coastal Information Center (SCCIC) to review and map any previously recorded sites and surveys, scan designated landmarks, review excavation reports and historic maps, and review other sources of local data. The EIR will describe the methods and results of the literature search and fieldwork. If historic resources are encountered, or are presumed to exist, records will be submitted and opinions developed regarding their potential importance. These issues, as well as steps to protect unanticipated/previous unknown resources that may be encountered during project implementation, will be evaluated in the EIR.